

<b>4M6409</b>	Roll No. : _____	Total Printed Pages : <b>4</b>
	<b>4M6409</b>	
	<b>M.B.A. (Sem. IV) (Main &amp; Back) Examination, May/June-2011</b>	
	<b>M409 : Employment Laws</b>	

Time : 3 Hours]

[Total Marks :

[Min. Passing Marks :

Use of following supporting material is permitted during examination.  
(Mentioned in form No. 205)

1. \_\_\_\_\_ Nil

2. \_\_\_\_\_ Nil

- 1 (a) Explain the produce to certify the draft standing orders, under the Industrial Employment Standing Orders Act, 1946.
- (b) Write short notes on :
  - (a) Justified and unjustified strike.
  - (b) Legal and illegal lock outs.
  - (c) Retrenchment vs dismissal.
- 2 (a) Write short notes on :
  - (i) Set on and set off period.
  - (ii) Forfeiture of bonus.
  - (iii) Allocable surplus vs available surplus.
  - (iv) Permissible deduction under the payment of Bonus Act, 1965.
- 3 Explain the salient features of the Employees Provident Funds (and Misc - provisions) Act, 1952.
- 4 Write short notes on the following :
  - (a) Doctrine of national extension
  - (b) Occupational disease
  - (c) Disablement benefit
  - (d) Penalty if employer fails to make compensation.
- 5 Write short notes on the following :
  - (a) Deduction under payment of Wages Act.
  - (b) Concept of equal remuneration for men and women.
  - (c) Penal provision for non payment of minimum wages.
  - (d) Inspecting authority under minimum Wages Act.



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- (1) Explain the scope and provision of the Factories Act, 1948.
  - (2) What are the ethical issues and laws at work places as per the Shop and Establishment Act.

### **Subramaniam's Dilemma**

Shivram Gears, a medium-sized gear manufacturing public limited company based at Faridabad with its Head Office at New Delhi, was established as a small scale industrial unit in the year 1962 with a total workforce of 20 persons by a young and dynamic entrepreneur, Sunil Sanghi.

### **Company Background**

The small scale industry of the sixties grew into a private limited company of 70's and ultimately, a public limited company in the 80's. The company sold its products to heavy automobile and two-wheeler industry. They also had a huge replacement market served through their distribution network.

A charter of demands (Annexure I) was submitted to the factory manager, A.P Chadha, on November 20, 1995 by the representative union, the Engineering Mazdoor Sangh (EMS), demanding a better wage structure. Chaddha forwarded the notice of change to R Subramaniam, (GM; HRM). As he read it, he could foresee a dark cloud hovering over the sunny relations existing between the management and workers.

### **The Brewing Dispute**

The company had a workforce of 2400 with staff to worker ratio being 1:3. The workers were categorised into skilled, semi-skilled and unskilled. The organisation had been enjoying industrial harmony and there had not been a single manday lost since 1983 due to strike. The organisation had two trade unions, the Engineering Mazdoor Sangh (EMS) and the Engineering Shramik Sangathan (ESS). The representative union as per the Haryana Industrial Relations Act (HIRA) was EMS, which had the right to negotiate on behalf of the employees. However, EMS did not enjoy support of the majority of workers in the organisation whose allegiance was more towards the rival trade union, the ESS. In addition, the workers were known to change their allegiance frequently.

The wage rates of the workers were much above the Minimum Wages Act (Annexure II). In fact, the wage rates were fixed in accordance with the industry norms so as to ensure a low manpower turnover. The wage rates in theory were governed by the wage settlement agreement between the management and workers. Apart from the existing wage structure, the management also offered other incentive schemes to further motivate the



workforce. (Annexure III. The revisions in the same were considered along with the wage revisions.

### **Chronological order of Events**

**November 20, 1995 :** On receiving the charter of demands from the union, the negotiations commenced. The GM ( HRM), the factory manager and the personnel officer along with other departmental heads scrutinised the notice of change, calculated the costs and studied its implications. They even compared the practices in the industrial units in the surrounding area as well in the other engineering units specially in view of the new demands. Since the wage settlement agreement was to expire on 31st December, 1995 it was decided by the management that they would not discuss this issue till January, 1996 and same was intimated to the representative union.

**December 28,1995 :** A notice of dispute was served by the representative union to the conciliation. officer for registering an industrial dispute in the factory. This prevented the workers from going on strike, which was in the interest of the management.

**January 28, 1996 to September 9, 1996'** During this period a series of negotiations were carried out between the representative union and the management in the presence of the conciliation officer in order to evolve a wage structure which could be acceptable to both the disputing parties.

The management was represented by A. Satish (Personnel Officer), P.K. Mishra ~Finance), S.K.Bhatia (Production) and was headed by A. Subramaniam, GM (HRM) and the union was represented by the union leader A.K. Joshi and 13 other members of the union. The management had a clear strategy and they offered a package deal to increase the wages in lumpsum by Rs.190/- for the unskilled workers and a proportionate increase in the other categories. However, the offer was unacceptable to the union. Negotiations continued and finally both parties agreed to a lumpsum increase of Rs. 400/- for the unskilled workers. The breakup of this amount was jointly decided by both the parties (Annexure-IV)

September 11, 1996.' On September 18, the new wage settlement was signed between the representative union and the management and a copy of the agreement was placed on the notice board.

**September 18, 1996 :** On September 18, Chaddha received a letter from the other union, ESS, which registered its objections against a clause included in the wage settlement agreement. According to this clause one-time deduction of 7% from the arrears (for the period of January 96-September 96) was to be made and credited



to the building fund which was to be used by EMS for its union activities. Since management was bound by law to negotiate with EMS, they took no notice of the letter by ESS despite the fact that it had membership of more workers.

**October 7, 1996 :** The payment of the arrears was made on October 7, 1996 along with the salary of September 1996 in the same envelope after deduction of 7% for the building fund. The workers refused to accept the envelope and for the first time since 1983 there was agitation in the factory and they conflicted the management and work came to a halt.

Now what should Subramaniam do?

## ANNEXURE-I

### CHARTER OF DEMANDS -

1. There should be an increment of Rs.250/- in the basic salary.
2. The existing rate of increment should be doubled.
3. The HRA should be increased from Rs.80 to Rs. 200
4. \* washing allowance of Rs.50/- per month
5. \* conveyance allowance of Rs.100/- per month
6. \* An education allowance of Rs.100/ month
7. \* canteen allowance of Rs.10/-per day.
8. The attendance-based incentive should be increased from Rs.50 to Rs.100.

There was no demand related to the working conditions in the organisation.

" These were new demands.

## ANNEXURE-II WAGE STRUCTURE

Basic + DA + HRA + Conveyance + Attendance Bonus

Worker	Wages as per Minimum Wages Act	Actual Wages in 1997
Unskilled	Rs 1439	2171.55
Semi-skilled	Rs 1543	2213.00
Skilled	Rs 1653	2322.55

